Banks responsible for sickness

4380. DR. BAPU KALDATE: Will the Minister of FINANCE be pleased to state;

v

(a) whether Government's attention has been drawn to the news item which appeared in the Pioneer dated the 24th January, 1995 under the heading 'Banks responsible for sickness';

(b) if so, what, are the details thereof and the reaction of Government in regard, thereto; and

(c) whether the BIFR has taken up the issue of financing the sick companies with his Ministry and if so, what are the details of the pro posal submitted by it and the deci sion taken thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Yes, Sir.

(b) and (c) The Board for Industrial and Financial Reconstruction (BIFR) in its Review as on 31.12.1994 has, inter alia, mentioned that one of the constraints facing it is gretater reluctance on the part of banks to support sick companies in the wake of Reserve Bank of India guidelines on provisioning against non-performing assets and delays in release of working capital.

Under Section 19(2) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), a rehabilitation scheme requiring reliefs, concessions or sacrifices from banks and | or envisaging fresh financial assistance from banks is, inter alia, circulated to banks concerned for their asnsent. Banks give their consent to such schemes based on their commercial judgment. Section 19(3) of SICA provides that once a rehabilitation scheme has been sanctioned by the BIFR for revival of a sick industrial company, it i_s binding on all concerned, including the wanks. Section 33 of SICA vests sufficient powers with BIFR to deal with cases Of violation of any sanctioned scheme.

In respect of sick industrial com panies, where a scheme for rehabili tation is sanctioned by BIFR, banks provide facilities in terms of sanc tioned scheme. In case of other cases of sick industrial companies where BIFR is yet to take a decision, banks allow 'hoiding-on' operations and extend need-based support on a ease to case basis.

Cases of bank frauds

4381. PROF. VIJAY KUMAR MALHOTRA; Will the Minister of FINANCE be pleased to state:

(a) the number of cases of bank frauds detected in the country during 1994 and how do these compare with the cases in the preceeding three years;

(b) the amount involved in these frauds, year-wise;

(c) whether any investigation hive been carried out in these cases;

(d) if so, the outcome thereof and the action taken thereon; and

(e) the extent to which the cases have come down or are likely to come down during 1995?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) to (d): The number of bank frauds including frauds in overseas branches reported to the Reserve Bank of India (RBI) by the public sector banks and the amounts involved therein during the years 1991 to 1994 is as follows: